



**CalViva Health
Finance
Committee Meeting Minutes**

February 16, 2023

Meeting Location

CalViva Health
7625 N. Palm Ave., #109
Fresno, CA 93711

Finance Committee Members in Attendance		CalViva Health Staff in Attendance	
✓	Daniel Maychen, Chair	✓	Cheryl Hurley, Office Manager
✓	Jeff Nkansah, CEO	✓	Jiaqi Liu, Accounting Manager
✓	Paulo Soares		
✓	Joe Neves		
	Harold Nikoghosian		
✓*	David Rogers		
✓	John Frye		
		✓	Present
		*	Arrived late/Left Early
		•	Teleconference

AGENDA ITEM / PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
#1 Call to Order D. Maychen, Chair	The meeting was called to order at 11:30 am, a quorum was present.	
#2 Finance Committee Minutes dated November 17, 2022 Attachment 2.A Action, D. Maychen, Chair	The minutes from the November 17, 2022 Finance meeting were approved as read.	Motion: <i>Minutes were approved 5-0-0-2 (Neves / Soares)</i>
#3 Financials as of December 31, 2022	Total current assets recorded were approximately \$292.3M; total current liabilities were approximately \$167M. Current ratio is approximately 1.75.	Motion: <i>Financials as of September 30, 2022 were approved</i>

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<p>Action D. Maychen, Chair</p>	<p>TNE as of the end of December 2022 was approximately \$138.4M which is approximately 828% above the minimum DMHC required TNE amount.</p> <p>Interest income actual recorded was approximately \$1.9M which is approximately \$1.7M more than budgeted primarily due to rates on the Plan’s money market funds being higher than projected. Premium capitation income actual recorded was approximately \$662.5M which is approximately \$46M more than budgeted primarily due to rates and enrollment being higher than projected.</p> <p>Total cost of medical care expense actual recorded is approximately \$532.2M which is approximately \$41.3M more than budgeted due to rates and enrollment being higher than projected. Admin service agreement fees expense actual recorded was approximately \$27.3M, which is approximately \$1.2M more than budgeted due to higher than budgeted enrollment. Dues and Subscriptions expense actual recorded was approximately \$103K which is in line with what was budgeted; however, there is a potential future increase to this line item due to the governor’s budget reinstating the MCO tax effective 1/1/2024. The Local Health Plans of California (LHPC) Board agreed that if the MCO tax is reinstated that any additional revenue should be invested back into Medi-Cal to benefit Medi-Cal enrollees. The LHPC Board agreed to assess a one-time additional membership fee for all of its member plans to support this effort. The Plan is anticipating a budget impact of approximately \$65K. Recruitment expense is approximately \$36K which is approximately \$15K more than budgeted due to turnover and the use of staffing agencies to assist with filling vacant positions.</p> <p>Net income for the first six months of FY 2023 was approximately \$7.3M which is approximately \$5.9M more than budgeted due to rates and</p>	<p>5-0-0-2 <i>(Frye / Soares)</i></p>

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	<p>enrollment being higher than budgeted; interest income being approximately \$1.7M more than projected; and a \$3.25M MCO tax gain that was not expected. DHCS has indicated that they are likely to recoup the MCO tax gain which would likely be calendar year Q1 2023. In future financial statements there will likely be a reduction in net income by approximately \$3.25M.</p>	
<p>#4 Fiscal Year 2024 – Review and Discuss Budget</p> <ul style="list-style-type: none"> • Budget Timetable • Budget Assumptions & Preliminary Draft of FY 2024 Budget 	<p>An official proposed FY 2024 budget is planned for presentation at the March 2023 Finance meeting with intent to accept and adopt. Any changes as a result of the March 2023 meeting will carry on to an April 2023 meeting, if necessary. The reviewed and approved budget will then be presented at the May 2023 Commission meeting.</p> <p>The basic assumptions being used to create the FY 2024 budget was presented to the Committee.</p> <p>Enrollment is projected to gradually decline throughout fiscal year 2024 due to the Consolidated Appropriations Act of 2023 which the President signed on 12/29/22. In that Bill the Medicaid disenrollment process would begin April 2023 regardless of when the public health emergency ends. Per DHCS’s disenrollment policy, for the first two months after the disenrollment process begins DHCS will primarily focus on auto ex-parte renewals; no annual renewal packets will be sent out. Month three the State will process those renewals, and July 2023 is when the Plan will actually see members start to disenroll.</p> <p>The projected gradual decline in enrollment takes into account potential new members related to the addition of full scope Medi-Cal benefits to undocumented beneficiaries ages 26- 49, which is projected to be effective January 1, 2024. In addition, the gradual decline in enrollment also takes into account potential new members related to the Dual Special Needs Program (“D-SNP”) projected to go-live for CalViva January 1, 2024, noting that Medicare members currently in Health</p>	<p>Motion: <i>Approve Budget Timetable and Budget Assumptions</i> <i>6 – 0 – 0 – 1</i> <i>(Soares / Frye)</i></p>

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	<p>Net's D-SNP program may be assigned to CalViva as part of DHCS' aligned enrollment policy.</p> <p>Projecting revenues to increase to account for long term care moving into managed care. Also increase in rates to account for transition populations such as undocumented immigrants ages 26-49, and most dual Medi-Cal and Medi-Care members moving from voluntary Medi-Cal managed care to mandatory Medi-Cal managed care. Per the Plan's understanding with DHCS, D-SNP related revenues will be paid directly to Health Net who will be CalViva's aligned D-SNP plan.</p> <p>Interest income is projected to increase in comparison to the prior budget year due to increasing rates on money market funds.</p> <p>The Plan is projecting FY 2024 staffing at 21 full-time employees, increasing by three (3). Salary and wages projected increases of up to 5% based on employee performance at anniversary date. An approximate 7% increase in health insurance premiums based on August renewal. Overall, projecting an increase in Salary, Wages and Benefits expense due to adding a Health Equity Officer per DHCS 2024 contract requirement and additional staff related to new operational changes to Medi-Cal managed care such as but not limited to D-SNP and NCQA (National Committee for Quality Assurance) accreditation.</p> <p>Consulting expenses projected to increase due to additional consulting work to become NCQA accredited by 2026 per DHCS requirement.</p> <p>Projected increase to Insurance expense to account for potentially adding cyber insurance policy, in addition to increase in insurance premiums.</p> <p>Knox-Keene DMHC License expense is projected to increase due to</p>	

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	<p>forecasted rate increase in addition to higher enrollment. With the license expense, DMHC takes enrollment as of March 2023; from March 2022 to March 2023 there was an increase in enrollment.</p> <p>Per California State fiscal year 2023-2024 budget released in January 2023, the State is looking to renew MCO taxes effective January 1, 2024 – December 31, 2026. The proposed renewal will maintain the structure from the prior MCO tax which expired 12/31/2022. As such, projected MCO tax revenue and expenses calculated using the prior MCO tax structure.</p> <p>Revenue is projected to be approximately \$1.3B which is approximately \$147.8M more than budgeted due to an increase in rates and enrollment. Interest income increases due to an increase in money market rates. Salary, wages, and benefits will increase due to additional staffing. An increase in insurance due to the new cyber insurance policy addition. MCO taxes to decrease due to utilizing the prior MCO tax structure. Net Income is projected to be approximately \$9.4M which is approximately \$4.7M higher than budgeted for FY 2023 due to an increase in rates and enrollment and higher interest income.</p> <p style="text-align: center;"><i>Supervisor Rogers arrived at 11:38 am</i></p>	
#5 Announcements	None.	
#6 Adjourn	Meeting was adjourned at 11:48 am	

Submitted by: *Cheryl Hurley*
 Cheryl Hurley, Clerk to the Commission

Dated: *March 16, 2023*

Approved by Committee: *Daniel Maychen*
 Daniel Maychen, Committee Chairperson

Dated: *3/16/23*